



## When is a Refinance NOT a Refinance?

By Ted Boyer, Division Director

In today's competitive mortgage market, and with the real estate market still good, but flat, some lenders are becoming quite creative in generating new markets and new business. Much has been said and written about various fraudulent techniques to make "B" and "C" paper loans appear to be "A" paper loans. We are now seeing a variation on that theme — sometimes called the "Quit-claim Refinance Purchase."

Here's how it works. We typically see this approach in circumstances where the borrower either does not have a significant down payment, or has no down payment at all. Once a property is under contract, the seller conveys the property to the buyer by quit-claim deed prior to closing. Simultaneously, the buyer signs another quit-claim deed (or warranty deed, or, sometimes, an all-inclusive-trust deed) back to the seller, with the understanding that if the transaction does not close within a limited time period, the deed from the buyer back to the seller is recorded, conveying title to the property back to the seller. And, of course, there are many other variations on this theme. The buyer obtains some sort of interest in the subject property, but is certainly not the "owner" in the conventional sense of the word.

When the lender (or the purchaser of the loan on the secondary market) obtains the preliminary title report which falsely indicates that the buyer is the owner of the property, the lender is deceived into thinking that the buyer is actually the owner and that the loan being made is for a refinance rather than an original mortgage. And, as opposed to an original mortgage where the loan-to-value ratio requires a higher down payment, in a refinance the loan-to-value ratio is less stringent. And in

some cases, when coupled with an inflated appraisal, the borrower is able to finance 100% (or, in some cases, more than 100%) of the purchase price of the property.

Another advantage to the buyer is that the lender, thinking this is a refinance loan with a seasoned borrower (and, thereby, less risky), may not require private mortgage insurance. Even those lenders who do not require seasoning for a refinance, may presume that they are, at least, dealing with an existing owner who has previously qualified to purchase the property.

Fannie Mae's definition of a refinance is "A refinance transaction involves the repayment of an existing debt from the proceeds of a new mortgage that has the same borrower and the same security property." The transaction described above involves the same property, but not the same borrower. The proceeds of the so-called "refinance" are used to pay off the loan taken out by the seller, not the borrower.

Utah Code §61-2c-301(1)(d) prohibits making a false statement or representation for purposes of inducing a lender to extend credit as part of a residential mortgage loan transaction. If a real estate agent or broker or appraiser is involved in this scheme, the actions may also be violative of Utah Code titles 61-2a and 2b.

In addition to legal problems with the above scheme, there are potential practical problems. For example, once title to the seller's property is conveyed by quit-claim deed to the buyer/borrower, there is the distinct possibility that any judgments, liens, or encumbrances against the borrower would attach to the seller's prop-

*continued on page 2*

## Refinance

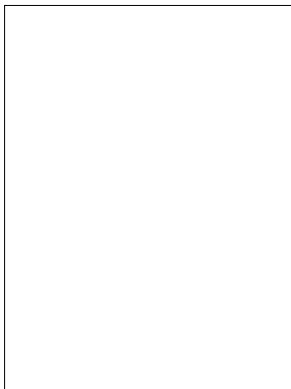
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erty. If the transaction does not close, and title is revested in the seller's name, those judgments, liens, and encumbrances might well remain on the title to the seller's property.

What are the risks to the various parties involved in the above types of transactions? The mortgage company and its representatives, the appraiser, the entity closing the transaction, and any real estate agents or brokers involved, together with the buyer and seller, may have violated state or federal law. The seller risks encumbering his property with liens or judgments against the buyer/borrower. The secondary mortgage market purchaser of the loan has assumed much more risk than anticipated by thinking it is purchasing a refinance by a seasoned borrower, with a substantial equity cushion. The purchaser of the mortgage might not have private mortgage insurance. Any licensed or registered individuals involved have probably violated the Utah Residential Mortgages Practices Act and other professional licensing statutes, and could lose their professional license or registration.

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## Mark Fagergren New Director of Licensing and Education



The Division of Real Estate introduces Mark Fagergren as the new Program Administrator over licensing and education. Mark fills the recently vacated position of Karen Post.

Mark has been actively involved in the real estate industry for the past twenty two years. He has had extensive experience in real estate sales, property management, real estate franchise sales and broker support and training services. Mark has had focused experience in real estate education and training.

Beginning in 1975 Mark sold real estate franchises throughout the Western United States. Additionally, he provided broker support services to independent franchised real estate brokerages.

In 1978, Mark sold real estate with Century 21 Dan Lawler, Inc. He sold residential real estate for a number of years in the Salt Lake Valley. He received his broker's license in 1983. Later he became involved in property management having experience in managing both commercial and residential income properties.

Mark worked with his father in the Century 21 of the Rocky Mountains, Inc. real estate business. He established and directed the Century 21 of the Rocky Mountains Real Estate Academy, which was a real estate pre-licensing school. He developed and administered the training curriculum for this organization, as well as some "post" license training. Mark taught all subject areas but particularly enjoyed instructing classes on Agency, Ethics, Utah State Law, General Real Estate Law and Appraisal.

For the past 6 ½ years Mark has worked for the Division of Real Estate as a real estate/appraiser investigator. During his time with the Division he has become a licensed appraiser and hopes to soon receive a Certified Residential appraiser's license.

His background and education have served him well in his work for the Division. He is the first to admit that for the number of real estate and appraiser licensees working in Utah, a relatively small number require any disciplinary consideration. "The vast majority of our licensees are well trained, hard working, ethical, and highly competent in the performance of their duties," says Mark.

He is very much looking forward to this new opportunity, and for the benefit of returning to his work in real estate education. He is very grateful that as a result of the quality leadership of Karen Post, he will be assuming the responsibilities of a "well functioning operation."

Mark received a bachelor's degree in Economics from the University of Utah. He and his wife, Kathryn, are the proud parents of three beautiful children. Living in the Holladay area, Mark is actively involved in the community.

## RA's – The End Draws Nigh

Many of you who are Registered Appraisers will be wishing to upgrade your licenses before the expiration date of May 3, 2001. The Division of Real Estate receives multiple calls daily asking about this procedure. We hope this article will answer your questions.

State Licensed Appraiser (LA) is the designation created to take the place of Registered Appraiser. However the LA status is not as easily come by. In fact the process to become an LA is essentially the same as to certify (Certified Residential or Certified General).

Requirements for an LA license are: 90 hours of pre-licensing education (pre-licensing classes must be approved by the Division and be at least 15 hours in length and include a test—we have a list of class providers available on the Internet, or for the asking from the Division), 400 experience points, and two years (24 months) of active experience as an appraiser.

Requirements for CR are: 120 hours of pre-licensing education, 500 experience points, and 30 months of active experience as an appraiser.

Requirements for CG are: 180 hours of pre-licensing education, 600 experience points, and 36 months of active appraiser experience.

If you wish to attain any of these three license classifications, the process is:

- Obtain an application from the Division of Real Estate.
- Be certain you have the requisite number of education hours along with certificates of verification.
- Fill out the experience log pages completely.
- Fill out the two application pages (Education and Experience) completely, including notarization.
- Submit the complete application, along with your log and education certificates, to the Division of Real Estate.
- Both facets of the application are then sent to their respective review committees. The Experience Review Committee will request six (sometimes more) appraisals

chosen randomly from your log.

- You will be asked to submit those files for review.
- When the Experience and Education Review Committees are finished (this often takes two-three months), they make a recommendation to the Appraiser Licensing and Certification Board.
- The Appraiser Board then votes on your application. If you are approved, we send out your testing information. You are then free to call ASI, the testing company, and make your own arrangements to take the test. Tests are offered on an on-going basis.
- After successfully completing the exam, submit the forms and fees to the Division and your new license will be issued.

You may be interested to know that both the Education and Experience Review Committees work on a volunteer basis. That is the reason the process takes as long as it does. These good people do their best, but reviewing is a very tedious process.

A word to the wise: it stands to reason that the sooner you submit your paperwork, the better. We are only going to get busier.

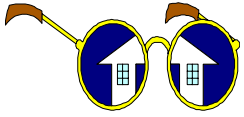
Quoting from the July, 2000 issue of the *Appraiser Review* (p.7), “if the Registered Appraiser is making application to one of the advanced appraiser classifications, and the candidate has applied prior to May 2, 2001, but the appraiser’s accumulation of experience requirements will not be completed until May 2, 2001, that person’s expiration date will be extended by 30 days to allow the appraiser the opportunity to proceed through the review process. . . All experience needs to have been met by May 2, 2001.”

As the Registered Appraiser’s license expiration date quickly approaches, RA license holders need to understand that educational and experience standards will not be lessened. Incomplete or inadequate applications will be rejected. Plan ahead. Follow instructions completely. The responsibility lies with the applicant to make an appropriate application.



# Appraisers Finding it Hard to Be Objective

by Kenneth R. Harney  
Washington Post Writers Group



It's the dirty little secret of the American home real estate and mortgage system. And it's getting worse.

Real estate appraisers nationwide say they are under increasingly heavy-handed pressure by mortgage brokers and loan officers to "hit" the value necessary to get mortgage applications approved, rather than to provide the independent, professional market-value assessments required under their own licenses and federally mandated ethics code.

Hitting the value, they say, often involves finding ways to inflate the property valuation enough to support the size of a mortgage needed to finance the price on the sales contract. Appraisers who decline to cooperate with the loan officers who assign work to them increasingly find themselves blackballed, with no further assignments from those mortgage companies. Or worse, when they submit appraisals that don't meet the sales contract price, their invoices go unpaid.

This trend, documented in dozens of interviews with appraisers, state appraisal licensing officials, mortgage brokers and appraiser professional group leaders during the past month, has significant implications for home buyers, taxpayers, and lending institutions themselves. Without an accurate appraisal, buyers can needlessly pay too much for a home. Should national and regional economies cool faster than the "soft landing" predicated by the Federal Reserve Board, buyers also may find themselves with far less equity than they assumed they had in the house.

For example, if a couple buys a house for \$200,000 with a mortgage of \$185,000, what is their real equity if an independent, ethical appraisal would have revealed the true market value of the property at sale to be \$185,000? They may have put \$15,000 into the deal, and had full

confidence in the \$350 appraisal they received that hit the \$200,000 sale price on the nose. But in the event of a job loss, or an economic downturn forcing them to sell, they would discover their equity on the date of closing was actually zero. They just didn't know it, in part because behind their backs the loan officer rejected appraisals that didn't "hit" the value needed.

Here's a quick overview of the problem:

- The head of the national association of state appraisal licensing boards calls "lender pressure the number one problem facing appraisers" throughout the country. Sam E. Blackburn, executive director of the Kentucky Real Estate Appraisers Board and incoming president of the Association of Appraiser Regulatory Officials representing state licensing agencies, says the problem is "corrupting the system." Buyers don't want to pay more than they should for a house, but they may end up doing so when their loan broker sends a fax in advance to the prospective appraisers with words to this effect: "Value needed \$178,000." Or "target value of \$155,000."

Blackburn has "files full of such faxes seeking to direct appraisers to a pre-ordained value, and supplied examples for this column. Blackburn also supplied a taped phone message from a mortgage broker to a licensed appraiser haranguing the appraiser for not following instructions: "You gotta get the value on the home," the broker warns on the recording. "If you couldn't get the value, you shouldn't have taken the money, and I indicated that in my request."

- The second-largest investor in American home mortgages, Freddie Mac, says 97 percent, an astoundingly high incidence, of home purchase appraisals backing the loans it buys now "hit" the value on the sales contract. As a partial result, the corporation recently announced that it would no longer require formal appraisals on home mortgages with 20 percent and greater down payments.

•Congress is highly likely to look into lender coercion on appraisers next year, particularly in connection with so-called “predatory” lending and its potential impacts on the value and stability of banking and institutional mortgage portfolios in the event of an economic down turn. A bill introduced this session by Rep. Jan Schakowsky, D-Ill., would make it a federal offense to influence an appraisal report through coercion or bribery.

Lender coercion can be extremely harmful to individual buyers. Terry Turner, an appraiser based in Gainesville, GA., recounted the case of consumers who closed on a condominium this fall for \$184,900. One appraiser was asked by a loan officer to hit the contract price, but could not find comparable sales data in the subdivision to support a value above \$165,000. The loan officer then brought in a second appraiser who delivered a valuation of \$184,900 by listing as “comparables” higher cost units in a different subdivision, miles from the home being purchased.

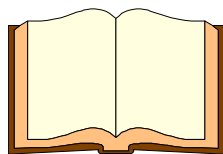
Who stands to lose most from lender coercion abuses? Don Kelly, Washington-based public affairs director for the Appraisal Institute, puts it starkly: “There is a real risk of catastrophic losses” on home real estate mortgages in the next recession, he says, “unless we get some controls on this.”

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## Frequently Asked USPAP Questions (FAQs)

Answers to Many of Your USPAP Questions!

The Appraisal Foundation has recently released their latest reference tool for appraisers. This new publication is an excellent resource for appraisers, regulators and users of appraisal services.



During the last six years The Appraisal Foundation has been compiling frequently asked questions and

has been providing responses to those questions via their newsletter, web site and through state advisory opinions. This new document contains over 100 commonly asked questions and answers regarding USPAP and the ASB’s opinions on these questions. These FAQs are opinions of the Appraisal Standards Board (ASB) and are issued to illustrate the applicability of appraisal standards in specific situations and offer advice for the resolution of appraisal issues and problems.

Frequently Asked Questions (FAQs) contains a comprehensive index that can be used to search for questions and answers on specific topics.

Copies of this publication can be purchased by visiting The Appraisal Foundation’s web site at or by sending check or money order for \$12.00 to The Appraisal Foundation, P.O. Box 96734, Washington, D.C., 20090-6734.

Man must work. That is certain as the sun. But he may work grudgingly or he may work gratefully; he may work as a man, or he may work as a machine. There is no work so rude that he may not exalt it; no work so impassive that he may not breathe a soul into it; no work so dull that he may not enliven it.

Henry Giles



### Utah Real Estate Appraiser Review

**Purpose:** To provide licensees with the information and education they need to be successful in competently serving the public

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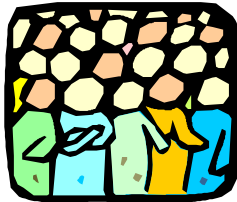
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## 20 Indicted in \$10 Million Mortgage Fraud Scheme

Twenty defendants who collectively engaged in all aspects of residential real estate sales, from obtaining mortgage loans to closing title on the properties, were charged in July 2000 with participating in a three year scheme to fraudulently obtain mortgages exceeding \$10 million on at least 80 Chicago area properties, was announced by the United States Attorney Office in Chicago. The scheme involved mortgage flips in which the defendants bought homes on the south and west sides of Chicago and immediately resold them at fraudulently inflated prices typically using the proceeds from the second sale to pay cash for the initial purchase. Eventually, the spread between the initial purchase price and the resale exceeded \$100,000 per property, which the defendants reaped as profit and reused to pay certain defendants who participated in the flip scheme. The indictment seeks forfeiture of \$4.4 million in allegedly fraudulent spread proceeds.



The investigation, known as “Operation Rogue Mortgages,” was conducted as part of the Housing Fraud Initiative, a joint effort of HUD and the FBI. Among the defendants are an attorney, two paralegals, two mortgage brokers, two real estate appraisers and two real estate agents. A federal grand jury returned a 16-count indictment with wire and mail fraud and making false statements in connection with fraudulent residential mortgage loans. The indictment alleges that the scheme defrauded various conventional lenders and HUD.

According to the indictment, beginning in August 1995, defendants bought and sold real estate with conventional and FHA loans. An attorney that agreed to purchase certain properties in cash and other individuals were recruited to immediately purchase the properties at fraudulently inflated prices. Some purchasers were paid cash to serve as “straw purchasers” of the properties while others were lured by representations that they could purchase homes with no money down and receive cash back at closing. Other defendants, including mortgage brokers, acted as agents of the lenders and former secretary of state employees, allegedly facilitated the fraudulent second purchase with false documents, which included ID’s, credit, employment and financial records on behalf of the recruited second purchas-

ers, to ensure purchasers qualified for the mortgage. Two defendants are Illinois Certified Residential Appraisers, who allegedly prepared fraudulent appraisals that supported the inflated second purchase prices. One of the appraisers was certified to perform HUD/FHA appraisals.

Once the second purchasers qualified for the inflated mortgage, the real estate closing was completed, with both the seller and buyer represented by the same attorney. Typically the second purchase closed first. The indictment further alleges that on some occasions after the second purchase was completed, combinations of the defendants facilitated the fraudulent refinancing of the very same property, again creating false loan documents and inflated appraisals.

All 20 defendants will be summoned to appear for arraignment in US District Court but no date has been set. If convicted, each count of mail and wire fraud carries a maximum term of five years imprisonment and a maximum fine or \$250,000. Or in the alternative, the Court may impose a fine totaling not more than twice the defendant’s gross gain, or twice the gross loss to any victim, whichever is greater. Making a false statement to HUD carries a maximum penalty of 2 years in prison and a \$250,000 fine. The Court also must order restitution, and it will determine the appropriate sentence for each convicted defendant under the US Sentencing Guidelines.

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### **You Must Notify the Division -- in Writing --**



#### **Within 10 Days of:**

- a change of personal address
- a change of business address
- a change of name
- a change of personal telephone number
- a change of business telephone number
- a conviction of a criminal offense
- a filing of bankruptcy

## Registered Appraisers Count Experience Credit

The classification of "Registered Appraiser" will cease to exist on May 3, 2001. With the rush of currently Registered Appraisers who are advancing to a higher classification, the issue of how to count experience is creating confusion. Following is a clarification of some of the timing issues.

Prior to May 2, 1999, all persons performing appraisals were required to be either a State-Registered or State-Certified Appraiser. After May 3, 1999, persons performing certain specific appraisal functions who were not Registered or Certified, were considered to be in an "Unclassified" status and could perform specific acts of an appraisal, but only under strict supervision of a supervisory appraiser.

Persons seeking experience credit toward an advanced classification of appraiser can be granted credit for appraisals done prior to May 2, 1999 only for the portion of time in which they were actually a Registered or Certified Appraiser. They may gather experience credit after May 3, 1999 as either a Registered, Licensed, or Certified Appraiser, or as an "Unclassified" appraiser, but if they are "Unclassified," their experience needs to be strictly supervised and limited to the activities specified in law and/or rule.

## USPAP Q & A

*This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. The ASB USPAP Q&A is issued to state and territory appraisal regulators to inform all states and territories of the ASB responses to questions raised by regulators and individuals; to illustrate the applicability of the Uniform Standards of Professional Appraisal Practice (USPAP) in specific situations; and to offer advice from the ASB for the resolution of appraisal issues and problems. The ASB USPAP Q&A do not constitute a legal opinion of the ASB.*

### Vol 2, No. 8 – August 2000

#### Question #1

I have an assignment to prepare a complete appraisal of a proposed subdivision with 20 single-family homes and communicate it in a self-contained appraisal report. The client has asked me to include, within the self-contained appraisal report, an appraisal of each of the homes using the Uniform Residential Appraisal Report (URAR) form to document those appraisals. The URAR form is considered by many to be a summary appraisal report. Can I complete the assignment in this manner and still call the overall report self-contained?

#### Answer:

Yes you can, if you follow the applicable requirements of USPAP.

Standards Rule (SR) 2-2 requires that:

*"Each written real property appraisal report must be prepared under one of the following three options and prominently state which option is used: Self-Contained Appraisal Report, Summary Report, or Restricted Use Appraisal Report."*

The Comment to SR 2-2 further states that:

*"The essential difference among these three options is in the content and level of information requirements set forth in this Standard are minimums for each type of report. An appraiser must supplement a report form, when necessary, to ensure that any intended user of the appraisal is not misled and that the report complies with the applicable content requirements set forth in the Standards Rule."*

Guidance is found in Advisory Opinion (AO) 11, which advises:

*"The Self-Contained Appraisal Report should contain all information significant to the resolution of the appraisal problem. Describe is the distinguishing term related to the Self-Contained Appraisal Report. Standards Rules 2-2 and 8-2(a) (vii) require only a description of sufficient information to disclose to the client and any intended users of the appraisal the scope of work used to develop the appraisal. The reader of the Self-Contained Appraisal Report should*

*continued on page 9*

## APPRAISERS

We invite you to submit articles for consideration for publication in this newsletter. Articles should address issues of interest to the appraisal industry.

We will review the information submitted and, if appropriate, publish the article in a future edition of *the Appraiser Review*. All articles are subject to editing for length and content. Submitted articles cannot be returned. Please submit your articles to:

Mark Fagergren  
Utah Division of Real Estate  
PO Box 146711  
Salt Lake City UT 84114

## Disciplinary Sanctions

HATCH, RAYMOND T., Certified General Appraiser, Salt Lake City. After a formal hearing, Mr. Hatch's certification was revoked effective Jan. 9, 2001, based on making repeated material misrepresentations to the Division. Mr. Hatch failed to disclose past criminal history on his original application for certification and failed to disclose new criminal cases on each of two subsequent renewals. (At the time of publication, it was unknown whether Mr. Hatch would request Reconsideration or file a judicial appeal.) #AP20-02-12.

KOPLIN, RICHARD, Certified Residential Appraiser, Salt Lake City. Consented to pay a \$1,000 fine, based on violating USPAP by making a series of errors that, although individually might not significantly affect the results of the appraisal, in the aggregate, affect the credibility of the appraisal. Mr. Koplin used comps which were distant from the subject, reported incorrect information on comparable sales, and incorrectly weighted one of the comps. The errors did not affect the value conclusion. In further mitigation, he resisted great pressure from the buyer of the home to inflate the appraisal. #AP20-05-06.

STRONG, SHAWN, Registered Appraiser, Clearfield. Consented to pay a \$3,000.00 fine and have his registration placed on probation until its expiration in May, 2001. Mr. Strong also consented that his pending application for certification would be denied and that he would not submit a new application for certification for at least one year. #AP20-02-27, AP20-02-17, AP20-02-30 and AP20-04-13.

## Sayonara, Hasta La Vista, Auf Wiedersehen, Good-bye

Karen Post

Ex-program Director, Licensing/Education

After almost 18 years here at the Division of Real Estate, I'm hanging up my hat and retiring. I've had the opportunity for these many long years to oversee the appraisal education and licensing for the state of Utah.

Most of you don't know who I am (and probably don't care), but when a licensing problem gets ironed out, or when you take a particularly good real estate seminar, I hope you'll think of me. I might have had a hand in your experience.

I have been honored to serve the appraisal profession in this capacity. I never cease to be amazed at how dedicated and honorable you are. Granted, there are always a few bad apples that taint the others, but on a whole, you (and what you do) are to be greatly respected.

My goal after I retire is to do some teaching, both continuing education and prelicensing, so maybe I'll see you around.

**Practicing appraisers need to possess the latest edition of USPAP and the current Utah statute and rules.**

**Contact:**

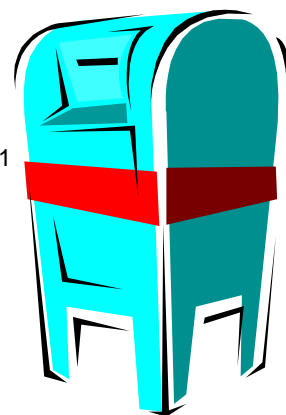
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USPAP -- \$6.50  
Rules --- \$3.00

**If we mail them:**

USPAP -- \$8.50  
Rules --- \$5.00





## USPAP Q.& A.

*continued from page 7*

*expect to find all significant data reported in comprehensive detail."*

AO 11 also includes examples of the application of the terms "describe," "summarize," and "state" in the context of a real property appraisal report, which should also be reviewed.

When providing a self-contained appraisal report under the circumstances you describe, an appraiser is obligated to ensure the URAR forms are appropriately supplemented to meet the test of a self-contained report. For example, descriptions, adjustments and analyses should be expanded to the extent necessary to meet the test of the term "describe."

### Question #2

My client's attorney has told me to invoke the JURISDICTIONAL EXCEPTION RULE in USPAP to avoid mentioning in my appraisal report an underground storage tank (UST) that I know exists in the property. The attorney did not provide

any reference or citation of law or public policy justifying this action. Can I follow the instruction from this attorney, who is representing my client?

### Answer:

Not under the conditions described.

The JURISDICTIONAL EXCEPTION RULE is the "savings clause" in USPAP, available when a part or parts of USPAP are contrary to law or public policy. The JURISDICTIONAL EXCEPTION RULE states,

*"If any part of these standards is contrary to law or public policy of any jurisdiction, only that part shall be void and of not force or effect in that jurisdiction."*

The first sentence of the Comment to the Rule States,

*"The purpose of the JURISDICTIONAL EXCEPTION RULE is strictly limited to providing a savings clause intended to preserve the balance of USPAP if one or more of its parts are determined to be contrary to law or public policy of a jurisdiction."*

The second paragraph in the Comment also provides explicit descriptions of "law," "public policy," and "jurisdiction" that appraisers can use to determine whether a client's instruction to invoke jurisdictional exception is acceptable. It is important to note that the parameters described in the Comment apply whether the assignment is an appraisal, appraisal review, or an appraisal consulting assignment, for the purpose of any type of value, not just market value, and for any intended use.

An attorney's instruction, without specific citation of law or public policy, is not the equivalent of law or public policy. Attorneys may offer legal opinions, but legislative bodies and courts make law, and public bodies, such as regulators, make public policy. While an attorney is an expert in the practice of law, it is the court that decides if the facts in a matter support an attorney's representation of how established law applies to a specific set of facts.

*Absent the citation of law or public policy, which should be identified in the report together with the part or parts of USPAP disregarded in the assignment, the attorney's instruction is not acceptable as a basis to disregard a part or parts of USPAP applicable in an assignment.*



### LICENSING STATISTICS

	RA	LA	CR	CG	Total
1999					
June	1326	18	481	336	2161
July	1307	8	481	331	2127
August	1263	11	471	331	2127
September	1232	11	474	318	2035
October	1222	11	474	317	2024
November	1202	11	476	313	2002
December	1177	12	480	316	1985

2000					
January	1152	13	480	317	1962
February	1118	13	481	319	1931
March	1083	14	483	324	1904
April	1067	14	481	324	1886
May	1012	15	486	326	1839
June	974	16	485	328	1803
July	947	15	492	327	1781
August	894	17	489	327	1727
September	859	17	490	324	1690
October	826	18	490	321	1655
November	805	18	488	324	1635
December	785	19	492	330	1626

2001					
January	751	19	492	330	1592

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## USPAP Q.& A.

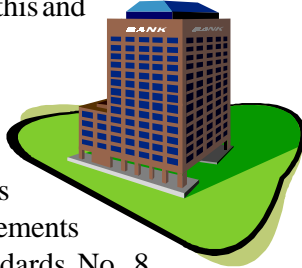
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### Question #3:

My client, a bank in another city, has asked me to email them a copy of my appraisal report when I have completed the appraisal. Can I do this and comply with USPAP?

### Answer:

Yes you can transmit an appraisal report by any electronic means, as long as you comply with the requirements of Statement on Appraisal Standards No. 8 (SMT-8), which addresses the Electronic Transmission of Reports. These requirements are summarized at the end of SMT-8, as follows (from the 2000 edition of USPAP [\*]):



### CONCLUSIONS:

- *An electronically transmitted report is a written report and must meet USPAP reporting requirements.*
  - *Appraisers must take reasonable steps to protect the data integrity of transmitted reports.*
  - *Any software program used to transfer a report electronically must provide, at a minimum, a digital signature security feature for all appraisers signing a report. (\*)*
  - *Electronically affixing a signature to a report carries the same level of authenticity and responsibility as an ink signature on a paper copy report. (\*)*
  - *The Record Keeping section of the ETHICS RULE applies to all reports and permits storage on electronic, magnetic, or other media. A true electronic and/or paper copy of the transmission must be retained by the appraiser.*
- (\*) Note that the 2001 edition of USPAP will contain language in Standards Rules 2-3, 3-2(f), 5-3, 8-3 and 10-3 to clarify that it is the appraiser's certification that the appraiser must sign, which certification is required within each appraisal, appraisal review, or appraisal consulting report.

Also remember that the entire report must be transmitted, including all addenda or attachments. A complete reading of SMT-8 is recommended.

### Question #4:

I am a state-certified appraiser who serves on the appraisal review panel for our state's Appraisal Licensure & Certification Board. The State Administrator has asked me to review an appraisal report. The appraiser that prepared the report is the subject of a complaint that was recently filed. The purpose of the review is to develop and state my opinion as to the quality of the work in comparison to the applicable requirements in USPAP, state law, and regulations. My state does not exempt reviewers who are state licensed or certified appraisers from compliance with USPAP when performing such reviews. Do I have to follow Standard 3 in this assignment?

### Answer:

Yes, under the circumstances you describe, you do have to follow all the applicable requirements of Standard 3. In this specific situation, just because the intended user and intended use are related to enforcement does not mean such a review assignment would be treated or accomplished any differently.

However, some states have laws or regulations that exempt appraisal review work of this type from USPAP. An appraiser performing such an assignment should discuss the assignment with the client and carefully review the applicable state law and regulation to ensure no misunderstanding about whether compliance with USPAP is, indeed, required or whether a jurisdictional exception results in a part or parts of USPAP, such as STANDARD 3, being not applicable.

Given that compliance with USPAP is required in such an assignment, you should also note and be sure to follow the USPAP requirements pertaining to confidentiality. The Confidentiality section of the ETHICS RULE states:

*"An appraiser must not disclose confidential information or assignment results prepared for a client to anyone other than: 1) the client and persons specifically authorized by the client; 2) state enforcement agencies and such third parties as may be authorized by due process of law; and 3) a duly authorized professional peer review committee. It is unethical for a member of a duly authorized professional peer review committee to disclose confidential information presented to the committee."*

